



Staff Report

File #: 24-0363

REQUEST FOR CITY COUNCIL ACTION

DATE: 05/01/2024

TO: Honorable Mayor and City Council Members

FROM: Utilities Department

SUBJECT:

SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH ASTRUM UTILITY SERVICES TO EXTEND THE TERM OF THE AGREEMENT AND INCREASE THE TOTAL COMPENSATION

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve a Second Amendment to the Professional Services Agreement with Astrum Utility Services to provide Professional Energy Consultant Services. Astrum Utility Services was awarded a contract to provide its expertise to the Electric Utility in Resource Planning, Regulatory Reporting, Operations and Administrative Services. The Second Amendment will extend the term of the agreement through June 30, 2026, and increase the total compensation to \$225,000 per fiscal year.

RECOMMENDED ACTION:

That the City Council:

- a. Approve the Second Amendment to the Professional Services Agreement with Astrum Utility Services for Professional Energy Consultant Services to increase the total compensation by \$25,000 for a total agreement amount of \$225,000 per fiscal year and to extend the term of the agreement through June 30, 2026.
- b. Authorize the City Manager, or his designee, to execute the Second Amendment to the Professional Services Agreement with Astrum Utility Services for Professional Energy Consultant Services in the amount of \$225,000.
- c. Authorize the Purchasing Manager, or his designee, to issue a change order for \$25,000 for Professional Energy Consultant Services to Astrum Utility Services bringing the total annual purchase order amount to \$225,000 starting in Fiscal Year 2025.

- d. Authorize the City Manager, or his designee, to negotiate and execute non-substantive extensions, change orders, and amendments up to \$22,500 or 10% of the updated agreement amount as authorized by Corona Municipal Code [Section 3.08.070\(I\)](#).

BACKGROUND & HISTORY:

The Electric Division of the Utilities Department (UD) provides power to approximately 1,844 Greenfield (bundled) customers and 929 Direct Access customers. UD customers' energy is purchased through Power Purchase Agreements (PPAs) or the California Independent System Operator (CAISO) market. Renewable energy PPAs are required to meet the State of California's goals on reducing carbon and greenhouse gas emissions. UD requires a professional consultant with expertise in the CAISO market and renewable energy PPAs to provide resource planning, regulatory reporting, and operations and administrative services related to power purchasing.

On September 23, 2020, the Purchasing Division issued Request for Proposals (RFP) 21-015RH. The RFP was advertised in the Sentinel Weekly News and posted on the City's Planet Bids website. The City received two proposals on October 14, 2020. After thoroughly evaluating the proposals, the City's evaluators selected the proposal submitted by Astrum Utility Services, LLC.

On December 16, 2020, City Council approved a Professional Services Agreement (PSA) with Astrum Utility Services, LLC to provide Professional Energy Consultant Services for the purpose of fulfilling RFP No. 21-015RH. After the first two years, UD was pleased with the services provided and opted to extend the agreement for an additional two years. A First Amendment was issued on June 27, 2022, to extend the term of the agreement through June 30, 2024, and increase the annual compensation and rates.

ANALYSIS:

UD continues to be satisfied with the services being provided by Astrum Utility Services. Astrum provides forecasting and planning services related to UD's power needs and ensures that UD remains in compliance with CAISO and State of California rules and regulations regarding power purchasing and renewable energy requirements. Astrum's wealth of experience in the energy market provides valuable insight when determining how and when to best procure power or Renewable Energy Credits (RECs) from the market.

Astrum seeks out and assists with the negotiation and management of all PPAs. Because Astrum works with other public utility agencies, such as the City of Victorville and the City of Industry, they have been instrumental in coordinating joint renewable energy PPAs with the three cities. The joint PPAs allow UD to obtain long-term and more favorable pricing on renewable energy than UD could alone.

Astrum ensures that regulatory reporting is submitted correctly and timely. This includes CAISO reporting, Greenhouse Gas reporting to the California Air Resources Board (CARB), California Energy Commission (CEC) Renewable Portfolio Standard (RPS) compliance and reporting, and any other required reporting.

Astrum’s most recent rate increase occurred on July 1, 2022. According to the United States Department of Bureau Labor Statistics, Riverside-San Bernardino-Ontario CA Consumer Price Index (CPI), from July 2022 to July 2023, CPI increased by 3.4%. There are no CPI indicators for July 2023 to July 2024 yet, however, the January-to-January index shows an additional 2.9% from 2023 to 2024, for a total of 6.3%.

Table A. Riverside-San Bernardino-Ontario, CA, CPI-U 2-month and 12-month percent changes, all items index, not seasonally adjusted

Month	2020		2021		2022		2023		2024	
	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month	2-month	12-month
January	0.5	3.0	0.9	2.2	1.5	8.6	1.3	7.3	0.0	2.9
March	0.0	2.3	1.3	3.6	2.7	10.0	0.0	4.6		
May	-0.2	0.9	2.0	5.9	1.4	9.4	0.8	3.9		
July	0.7	1.7	1.3	6.5	1.1	9.2	0.6	3.4		
September	0.5	1.7	0.8	6.8	0.0	8.4	1.4	4.9		
November	0.4	1.9	1.4	7.9	0.6	7.5	0.0	4.3		

The March 2024 Consumer Price Index for the Riverside area is scheduled to be released on April 10, 2024.

Astrum has requested a rate increase of 5.6% which is less than the CPI index of 6.3%. Astrum bills a flat rate each month, which would increase from \$16,100 to \$17,000. The UD feels the increase is reasonable and warranted based on the increased workload related to our renewable energy power purchase agreements.

This request would increase the agreement from \$200,000 to \$225,000 to include any additional projects above and beyond Astrum’s normal monthly duties.

UD requests approval of the recommended actions based on the qualifications that Astrum Utilities Services possesses and the reasonableness of the request.

FINANCIAL IMPACT:

Funding for the recommended action has been included in the Proposed Fiscal Year 2025 Utilities Department operating budgets. Funding for future years will be recommended through the annual budget process.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve an amendment to a Professional Services Agreement with Astrum Utility Services, LLC to provide Professional Energy Consultant Services and there is no possibility that approving this amendment will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: ERIN KUNKLE, ELECTRIC UTILITY MANAGER

REVIEWED BY: TOM MOODY, DIRECTOR OF UTILITIES

Attachments:

1. Exhibit 1 - Astrum Utility Services Professional Services Agreement
2. Exhibit 2 - First Amendment to Astrum Utility Services Professional Services Agreement
3. Exhibit 3 - Second Amendment to Astrum Utility Services Professional Services Agreement